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SUBJECT: TWO YEARS LATER, ESPA STILL FAILS TO PRODUCE CHANGE ON THE GROUND

REF: KHARTOUM 701

¶1. (SBU) Summary: On October 13-16, poloff traveled to Kassala and Port Sudan to discuss implementation of the Eastern Sudan Peace Agreement (ESPA) with local government officials, UN representatives and members of the Beja Congress in a visit tightly controlled by local authorities. While a handful of ministers touted the success of implementation to date in the areas of power sharing, security and development, most others observed that the ESPA has failed to produce any meaningful changes for the citizens of the East. Power sharing arrangements have ceded nominal control to Eastern Front representatives while all real authority in the region remains with the NCP. Ex-rebels have been successfully integrated into GOS security forces, but those who did not meet eligibility criteria are stuck in a floundering DDR program. Funding for the Eastern Sudan Fund for Reconstruction and Development (ESRDF) continues to experience significant lags, though the Fund does appear to have gained some modicum of traction in the past month as tender offers have been made for small projects in health, water and education. But observers expressed concern about the Fund's opacity and apparent absence of any comprehensive development plan, worrying that instead of providing the sort of transformational development assistance expected by many, it will simply be reduced to substituting for the national development budget or even worse, be used as a tool for NCP patronage. El\$ Sum-ary.Q

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¶3. (SBU) Other members of the Beja Congress pointed out that state and local power sharing arrangements were practically moot, because all three State Governors are from the NCP and "completely monopolize power." Mohamed Tahir Ella, the Wali of Red Sea State, was singled out by various individuals in government and UN organizations as being particularly dictatorial. "He controls even the air we breathe," said one.

DDR HINDERED BY LACK OF FUNDS

¶4. (SBU) Implementation of ESPA's security arrangements was universally lauded for bringing peace to the region, and appears to be the most successful of all ESPA's provisions. Former combatants have been successfully integrated into GOS security forces, despite rumblings from members of the Beja Congress that they are being treated as "second class soldiers." Of greater concern however, is the slow progress of the Demobilization, Disarmament and Reintegration (DDR) of ex-combatants who did not meet the eligibility criteria for SAF and other security forces. Bahaeldin Taha, UN Field Coordinator for Red Sea State, stated that while demobilization and disarmament is largely complete, funding constraints were hindering efforts at reintegration. Rafaat Tawfeeg of the Beja Congress warned that unless the 1,700 odd demobilized former combatants acquire training and skills for income generating activities, the danger of a resumption of hostilities remains acute. "There are trained fighters roaming around the outskirts of Port Sudan with nothing to do," he said. "Unless they find something, they will return to war."

ESRDF FUNDING LAGS, CONCERN OVER TRANSPARENCY

¶5. (SBU) The biggest complaint about EPSA implementation is the lag in funding of the Eastern Sudan Reconstruction and Development Fund (ESRDF) and its failure to achieve any tangible results to date.

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(Note: the ESRDF was supposed to be funded with USD 100 million of seed money in 2007 and USD 125 million per year from 2008-2011, according to terms of the ESPA.) Mohamed Sali Abed Abdallah, Deputy Wali of Kassala State, told poloff that USD 125 million has already been committed to the ESRDF by the national government, while Kassala Deputy Minister of Finance Osman Banaga put the figure at USD 180 million. But it remains unclear how much of that has actually been funded; UNDP's Taha stated that to date, only USD 17 million has actually been received by the three Eastern states, while the UN Resident Coordinator Support Office for Kassala State put the figure at USD 22.5 million. Taha said that one ESRDF board member told him privately that the Eastern Front was at a loss about what to do about the GOS commitment to the fund. "[Minister of Finance and National Economy] Aljaz comes into the board meeting and says, 'this is all I have available,'" he related. "What can we do?" (Note: poloff will meet separately with an Eastern Front representative on the Board of ESRDF, to be reported septel).

¶6. (SBU) Despite the slow start, there was consensus among those

spoken to by poloff that ESRDF has gained at least some traction, as several individuals mentioned tender offers for projects in health, water and education that have appeared in the past month. There does not appear to be any comprehensive development plan, however, and the lack of transparency in the selection of projects was a common complaint among critics. "No one can tell you how projects are being chosen," said Ali Abu El-Gasim, UNICEF Coordinator for Kassala State, adding that they were likely based on political and not technical or professional judgments. "To my knowledge there have been no assessments conducted or expert consultations. [UN organizations] have not been consulted and are not part of the planning process." Rafaat Tawfeeq of the Beja Congress was more blunt. "The fund is entirely manipulated by the NCP," he said.

¶17. (SBU) Due to the arbitrary nature of the ESRDF project selection, some observers worry that the ESRDF will fail to provide the large-scale, transformational development for the region that many expected. "The projects they are talking about--building wells and schools--these should be coming out of the normal development budget," said Eisa Kabashi Eisa, Minister of Education for Red Sea State from the DUP. "No one can pinpoint what is being done," he added. (Note: Osman Banaga, Deputy Finance Minister for Kassala State, told poloff that there is indeed an annual development budget for the Eastern States separate from the ESDRF, but "but we usually don't receive it all," because it is tied to revenue collection and other national issues. End Note).

¶18. (SBU) Certain government officials were quick to point out that despite the ESRDF's lack of progress to date, it is not the solution to the East's problem of underdevelopment. Kassala State NCP Political Secretary Abdalla Derif stated that \$600 million "was a very minor amount" when compared to the development needs of the three Eastern states. "That's where we expected international donors to participate," he said. He urged that the USG fund development in the region, noting that Sudan has no intention to cause problems with the USG, despite the sanctions "which have resulted in the high rate of airplane crashes." Mohamed Sali Abed Abdallah, Deputy Wali of Kassala State also noted that "the funds allocated by ESPA are not sufficient" to develop the East, and urged the international donor community to step in. He also expressed strong concern that the ICC indictment of President Bashir could derail the progress made through the signing of the CPA, DPA and ESPA, and the new electoral law, all of which he claimed "signaled a new era" in Sudanese politics. "We're looking for the international community to help us solve our problems, not create new ones," he said.

¶19. (SBU) Given the abundance of shortcomings in ESPA implementation, particularly with regards to the ESRDF, poloff expressed surprise to members of the Beja Congress that their Chairman Musa Mohamed Ahmed had publicly expressed satisfaction with ESPA implementation earlier this month. They responded that it was impossible for anyone to speak out against the NCP. "Pagan Amun can do it, because the SPLM will protect him," he said. "But who will protect Musa?" Overall, the Beja Congress remains decidedly pessimistic about the ESPA. "Compared to the CPA and the DPA, it is quite basic and did not fulfill our aspirations," said one member, noting that the wealth sharing arrangements in particular were wholly inadequate. "We receive nothing from Sea Ports Corporation, mineral wealth, or oil exports... But still the government refuses to implement this meager agreement." The (NCP) Wali of Red Sea State Mohamed Tahir Ella gave a different view, telling poloff that "of course you can never please everyone, but what was agreed upon [in Asmara] has mostly been achieved".

¶11. (SBU) Comment: Over two years have passed since the signing of

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the ESPA in Asmara, and little has changed for the citizens of the East. The Eastern Front, weakened by internal struggles, lacks any real leverage to push for ESRDF funding and must contend with the Darfur crisis and North-South issues for the NCP's attention. Cries of a return to war if things do not improve seem rather hollow, now that the GOS and the Government of Eritrea (the ESPA's broker and guarantor) are on good terms. Indeed, the ESPA is viewed by many as a political truce and its lifespan and effectiveness seems more tied to the condition of this bilateral relationship than conditions on the ground in eastern Sudan. Eastern Sudan remains among the poorest regions of Sudan, with the lowest indicators in areas such as health and education. The ESPA in itself cannot address these ills, and the Sudanese government along with donors must make a concerted effort to improve conditions in the East. Funding for and implementation of DDR reintegration programs would be a good start. In addition, the presence of landmines in many areas of eastern Sudan has prevented IDPs from returning to their areas of origin and re-establishing livelihoods. Clearing landmines, particularly around Hamesh Koreieb and Telkuk (former rebel-held enclaves), is a precondition for longer-term development activities to reach the rural populations.

¶12. (SBU) Comment Continued: Improving access throughout the East for aid agencies needs to continue to be raised through diplomatic channels, as this has been a debilitating constraint to recovery and development. NGOs report that they have programs ready to implement in the most marginalized areas in the east, but cannot get approval from government authorities to travel to certain areas to conduct assessments or implement programs. We will continue to raise these issues with senior NCP and regime officials, and will encourage the UN to do so as well.

FERNANDEZ